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This Memorandum of Agreement is entered into on this 1st day of ~~XXXXXXX~~* 1992, by and among W. Axl Rose ("Axl"), Saul Hudson, p/k/a "Slash" ("Slash"), and Michael "Duff" McKagan ("Duff") (Axl, Slash and Duff are hereinafter referred to generically as a "Partner" or collectively as the "Partners").

This agreement is entered into on the basis of the following facts:

A. The Partners are members of the musical group professionally known as "Guns N' Roses" (the "Group"), which, commencing in December 1984 and continuing until the date hereof, operated under an oral partnership agreement.

B. On August 25, 1986, the Partners, together with Izzy Stradlin ("Stradlin") and Steven Adler ("Adler"), entered into a recording agreement with The David Geffen Company, which agreement has been subsequently amended (hereinafter said agreement is referred to as the "Recording Agreement"). The Group recorded one (1) long-playing record album entitled "Appetite For Destruction" and one (1) extended play record entitled "GNR Lies" (the "Old Records"). The Group also created two (2) long-playing record albums entitled "Use Your Illusion I" and "Use Your Illusion II," which were released by the David Geffen Company in September 1991 (the "Illusion LPs").

C. Prior to March 28, 1990, the Partners, together with Stradlin and Adler, were members of a California general partnership. On March 28, 1990, the Partners and Stradlin, on the one hand, and Adler, on the other hand, entered into an agreement pursuant to which Adler was transformed from a member of said partnership to an employee of the partnership consisting of the Partners and Stradlin.

D. The Partners and Stradlin entered into a merchandising agreement with BCL Finance dated as of April 1991 (the "Merchandise Agreement").

E. On or about September 9, 1991, Stradlin resigned from the partnership consisting of the Partners and Stradlin by notifying the Partners of his decision to discontinue his involvement in the Group.

*September

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F. The Partners wish to define their respective rights and obligations.

Now, therefore, in consideration of the terms and conditions contained herein, the parties agree as follows:

1. Partnership. The Partners hereby agree to memorialize the terms of a general partnership among them (the "Partnership") which, in accordance with this agreement, shall engage in the business of utilizing and commercially exploiting their collective talents and personalities in the areas of recording of audio and video tapes, live personal appearances, publishing of musical compositions, and sales of merchandise. The Partnership shall be deemed to have been established as of September 10, 1991 (the "Effective Date").

2. Division of Profits.

(a) It is acknowledged that from the Effective Date until the date hereof, the Partners have divided all income earned by the Partnership equally.

(b) Commencing with the date hereof, the Partners shall divide all Net Merchandise Profits (hereinafter defined), all Net New Record Profits (hereinafter defined), all Net Touring Profits (hereinafter defined), and all Net Miscellaneous Profits (hereinafter defined) as follows: thirty-six and one-third percent (36-1/3%) to Axl, thirty-three and one-third percent (33-1/3%) to Slash, and thirty and one-third percent (30-1/3%) to Duff.*

(i) As used herein, "Net Merchandise Profits" shall mean Merchandise Revenues (hereinafter defined) less Costs (hereinafter defined). As used herein "Merchandise Revenues shall mean any and all monies earned collectively by the Partners in respect of merchandise embodying the names or likenesses of any of the Partners, including, without limitation, all income earned by the Partners pursuant to the Merchandise Agreement or any successor merchandising agreement entered into collectively by the Partners.

(ii) As used herein, "Net New Record Profits" shall mean New Record Revenues (hereinafter defined) less Costs. As used herein, "New Record Revenues" shall mean any and all monies earned by the Partners, individually or collectively, in respect of the Illusion LPs and any and all phonorecords recorded collectively by the Partners hereinafter (hereinafter the Illusion LPs and any and all such additional phonorecords shall be referred to as the "New Records"), any of the master recordings contained thereon, or any audiovisual devices created

*Such division shall commence with the date hereof with respect to Net New Record Profits and shall commence with November 1, 1992 with respect to Net Merchandise Profits, Net Touring Profits, and Net Miscellaneous Profits.

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by the Partners or any of them in connection with the New Records.

(iii) As used herein, "Net Touring Profits" shall mean Touring Revenues (hereinafter defined) less Costs. As used herein, "Touring Revenues" shall mean any and all monies earned by the Partners collectively or by any corporation owned in whole or in part by any of the Partners in respect of the live personal appearance engagements of the Group or its members, including, without limitation, any and all payments in respect of any exploitations whatsoever of such engagements. It is acknowledged that, as of the date hereof, all Touring Revenues are received through a touring corporation of which the Partners are the sole shareholders.

(iv) "Net Miscellaneous Profits" shall mean Miscellaneous Revenues (hereinafter defined) less Costs. As used herein, "Miscellaneous Revenues" shall mean any and all monies earned collectively by the Partners in respect of the name, likeness or performances of the Group other than Net Merchandise Profits, Net New Record Profits, Net Touring Profits, Net Publishing Profits (hereinafter defined), and Net Old Record Profits (hereinafter defined).

(v) As used herein, "Costs" shall mean any and all monies paid by the Partners or any of them to any third party in respect of Net Merchandise Profits, Net New Record Profits, Net Touring Profits, Net Miscellaneous Profits, Net Publishing Profits, or Net Old Record Profits, including, without limitation, personal management commissions, business management and accounting fees, attorneys' fees, payments to band members, payments to vendors, and payments to Izzy Stradlin, Steven Adler or any other individual to whom the Partners are or may be obligated to pay monies.

(c) The Partners shall divide all Net Publishing Profits (hereinafter defined) in respect of musical compositions that have been recorded by the Group as of the date hereof in such shares as are set forth in "Exhibit A" attached hereto and incorporated herein by reference. As used herein, "Net Publishing Profits" shall mean Net Publishing Revenues (hereinafter defined) less Costs. As used herein, "Net Publishing Revenues" shall mean any and all income (including, without limitation, the so-called "songwriter's share" and the so-called "publisher's share" of mechanical royalty income, performance income, print income, and income from synchronization uses) earned by the Partners, individually or collectively, in respect of any musical composition written by two (2) or more of the Partners in collaboration at any time with or without any third parties that has been recorded or performed by the Group.

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(d) The Partners shall divide all Net Old Record Profits as follows: twenty percent (20%) to Axl, twenty percent (20%) to Slash, twenty percent (20%) to Duff, twenty percent (20%) to Steven Adler, and twenty percent (20%) to Izzy Stradlin. As used herein, "Net Old Record Profits" shall mean Net Old Record Revenues (hereinafter defined) less Costs. As used herein, "Net Old Record Revenues" shall mean income earned by the Partnership or any of the Partners in respect of all phonorecords recorded by the Group prior to the recording of the Illusion LPs, including, without limitation, the Old Records.

(e) Notwithstanding anything to the contrary contained herein, no Partner shall be entitled to receive any portion of any monies earned solely by any other Partner (a "Solo Partner") for any services rendered or products created solely by such Solo Partner unrelated to the Group, including, without limitation, producer fees earned by the Solo Partner, royalties earned in respect of records recorded solely by the Solo Partner, and fees paid to the Solo Partner for his services as an actor, and musical compositions written or co-written by the Solo Partner and not written or co-written by any other Partner.

3. Management. All partnership decisions shall require the affirmative votes of Axl and Slash. If Axl and Slash become deadlocked on any issue, then such issue shall be decided by a person designated by the majority of Axl, Slash and Duff.

4. Termination of a Partner.

(a) Any Partner may voluntarily withdraw from the Partnership by giving the other Partners at least one hundred and twenty (120) days prior written notice of his intention to do so (hereinafter the end of such one hundred and twenty (120) day period shall be referred to as the "Termination Date"). If any Partner withdraws from the Partnership and fails or refuses to perform at any time prior to the Termination Date (unless such failure or refusal is caused by reasons beyond such withdrawing Partner's control or is expressly requested or consented to by the non-withdrawing Partners), then (i) the withdrawing Partner shall be liable to the remaining Partners for any and all damages suffered by the Partnership as a result of such refusal or failure and (ii) the last day of such Partner's membership in the Partnership shall be deemed to be the date on which such failure or refusal commenced.

(b) Any Partner may be expelled from the Partnership by the unanimous vote of the other Partners whether or not for cause. The effective date of such expulsion shall be deemed to be the day after such unanimous vote takes place and shall be hereinafter referred to as the "Expulsion Date."

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(c) Upon any Partner's voluntary withdrawal or expulsion from the Partnership (any such Partner shall be referred to as a "Terminated Partner"), such Partner shall be entitled to receive solely the following, less any damages for which the withdrawing partner may be liable pursuant to subparagraph 4(a) above:

(i) Such share of Net New Record Profits as set forth in paragraph 2(a) hereof; provided, however, that in the event that such withdrawal or expulsion occurs while the Partners are engaged in touring activities in support of a particular phonorecord and in the event that any such expulsion is made with the concurrence of the Partners' joint personal manager, such Partner shall be entitled to receive fifty percent (50%) of such share of Net New Record Profits as would otherwise be payable to such Partner pursuant to paragraph 2(a) hereof;

(ii) Such share of Net Publishing Profits as set forth in paragraph 7(b) hereof;

(iii) Such share of Net Old Record Profits as set forth in paragraph 2(c) hereof; and

(iv) No other monies.

(d) From and after the Termination Date or the Expulsion Date, as applicable, the Terminated Partner shall not make any use of the name "Guns N' Roses" (hereinafter the "Group Name") or any substantially similar name or designation in any medium or commercial manner whatsoever. From and after the Termination Date,* the Partnership, as thereafter constituted, shall be the sole and exclusive owner of all right, title and interest in the Group Name. The Terminated Partner* shall have no right or interest whatsoever in the Group Name or in the good will owned by or associated with the Partnership.** INITIAL W.A.R.

(e) No new person shall be admitted as a partner to the Partnership except by unanimous vote of all of the Partners. Any person so admitted to the Partnership as a partner shall agree in writing to be bound by each and every term of this agreement and such additional terms, if any, as shall be determined by the unanimous vote of the Partners.

(f) Any Terminated Partner shall sell to the other Partners equally any and all shares of stock held by the Terminated Partner in any and all corporations maintained by the Partners at the price of such shares of stock as shall have originally been paid by the Terminated Partner, and such Terminated Partner shall be deemed, as of the Termination Date or the Expulsion Date, as applicable, to have resigned from any

*unless the Terminated Partner is Axl

**Notwithstanding anything to the contrary contained herein, in the event that Axl shall be the Terminated Partner or in the event that Slash and Duff shall be Terminated Partners, Axl shall own and shall have the right to use the Group Name, and thereafter neither the Partnership nor the Partners other than Axl shall have any right to use the Group Name.

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positions held by such Terminated Partner as an officer of any such corporation or as a member of the board of directors of any such corporation.

(g) Notwithstanding anything to the contrary contained herein, in the event that two (2) Partners shall voluntarily withdraw from the Partnership, the Partnership shall be deemed dissolved, the Partnership business shall not be continued, and the Partners shall proceed with an orderly liquidation, distribute the assets of the Partnership equally among the Partners, and otherwise wind up the affairs of the Partnership, subject to the provisions of paragraph 4(d) hereinabove regarding the rights in the Group Name.

5. Death or Disability.

(a) If any of the Partners shall die or be permanently Disabled (hereinafter defined), then such Partner shall be deemed a Terminated Partner and shall have the rights of a Terminated Partner as set forth in paragraph 4 hereof. Neither such Partner nor the heirs of such Partner shall be entitled to receive any monies except as set forth in paragraph 4 hereof. The Partnership shall not dissolve or terminate on any Partner's death, permanent physical or mental disability, or retirement or voluntary withdrawal from the Partnership, but its business shall continue without interruption and without any break in continuity. On the death, disability, or retirement or voluntary withdrawal from the Partnership of any Partner, the others shall not liquidate or wind up the affairs of the Partnership, except as otherwise provided in this agreement, but shall continue to conduct the Partnership under the terms of this agreement with any successor or transferee of the deceased or withdrawn Partner.

(b) (i) A Partner shall be deemed to be "Disabled" hereunder if he is permanently incapacitated or adjudicated incompetent. Permanent incapacity shall be the inability to perform a major part of the services required hereunder by reason of accident, illness or mental disability for a period in excess of three (3) consecutive months or more than six (6) months in any twelve (12) month period. [illegible]

(ii) The permanent incapacity of a Partner shall be determined and established by the delivery of a written opinion to the Partnership by one of the following described medical doctors, duly licensed to practice in California, that the foregoing definition of permanent incapacity has been met. Such written opinion may be delivered to the Partnership initially by either the personal physician of the allegedly

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disabled person or by a physician selected by the Partnership. If either party objects to such written opinion within fifteen (15) days after its delivery to the Partnership and the allegedly disabled person, a final determination of the presence or absence of permanent incapacity shall be made by a panel of three physicians, one of whom shall be selected by the purportedly disabled person, one of whom shall be selected by the Partnership, and the third of whom shall be selected by the first two physicians. The opinion of a majority of the foregoing panel shall be final and conclusive on this issue.

(iii) Each Partner agrees to cooperate with reasonable and customary medical procedures which may be required to determine Disability pursuant to this section.

6. Indemnification.

(a) A Partner shall not be liable, responsible or accountable, in damages or otherwise, to the other Partners for, and the Partnership shall indemnify each Partner against and save each Partner harmless from, any expense (including reasonable attorney's fees), loss or damage incurred by reason of any act or omission performed or made by the Partner in good faith, on behalf of the Partnership or any other Partner, and in a manner reasonably believed by the Partner to be both within the scope of the authority granted to the Partner under this agreement and in the best interest of the Partnership or the other Partner, provided that the Partner shall not have been guilty of gross negligence, willful misconduct or other breach of fiduciary duty with respect to such act or omission, and further provided that the satisfaction of any indemnification and any saving harmless hereunder shall be from and limited to Partnership assets, including insurance proceeds, if any, and no Partner shall have any personal liability on account thereof.

(b) Each Partner shall indemnify and hold the Partnership and the other Partners, and each of them, harmless from and against any and all liability, loss, damage, costs, charges, claims, actions, causes of action, recoveries, judgments, penalties, and expenses, including attorney's fees, which they or any of them may suffer by reason of the breach by such indemnifying party of any representations, warranties or agreements made by such indemnifying party in this agreement or arising out of any gross negligence, misconduct or breach of fiduciary duty on its part to the extent that such amount exceeds the applicable insurance carried by the Partnership.

7. Power to Incur Liabilities. No Partner shall have authority to bind the Partnership in the ordinary course of its business, by making contracts and/or otherwise incurring obliga-

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tions in the name or on the credit of the Partnership, except as authorized by the majority vote of the Partners. Any Partner who enters into any contract or incurs any obligation in the name or on the credit of the Partnership in violation of this paragraph may be held individually liable by the other Partners for the entire amount of the obligation or loss thus incurred by such Partner.

8. Limitations on Authority. Without the unanimous consent of the Partners, neither the Partnership nor any individual Partner shall have the authority to:

(a) Borrow money in the Partnership's name;

(b) Loan Partnership funds;

(c) Transfer, mortgage, pledge, assign, hypothecate, or otherwise grant, dispose of, or encumber any Partnership assets, including goodwill;

(d) Enter into any agreement that would place a Partner in conflict with, or in breach of, any provision of this agreement;

(e) Perform any act that would make it impossible to carry on the ordinary business of the Partnership;

(f) In the name of the Partnership, confess a judgment, submit a Partnership claim or liability to arbitration, endorse any note or act as an accommodation party, or otherwise become surety for any person;

(g) Assign, mortgage, encumber, transfer or sell its share of the Partnership or in the capital assets or property of the Partnership or enter into any agreement as the result of which any person shall become interested with such Partner in the Partnership;

(h) Admit a new partner to the Partnership; or

(i) Bind the Partnership by making contracts or incurring obligations in the name or on the credit of the Partnership, which contracts and/or obligations are outside of the ordinary course of the Partnership business.

9. Personal Liability. Any Partner who enters into any contract or incurs any obligation on behalf of, or on the credit of, the Partnership in violation of the provisions of this agreement, or otherwise violates the prohibitions of paragraph 8

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above, shall indemnify the other Partners for any and all losses or expenses incurred pursuant to such contract or obligation.

10. Preparation of this Agreement. THIS AGREEMENT WAS PREPARED ON BEHALF OF ALL PARTIES HERETO BY MANATT, PHELPS, PHILLIPS & KANTOR ("MPPK"), 11355 WEST OLYMPIC BOULEVARD, LOS ANGELES, CALIFORNIA 90064, AND ALL PARTIES HERETO HAVE HERETOFORE VOLUNTARILY CONSENTED TO THE PREPARATION OF THIS AGREEMENT ON BEHALF OF ALL OF THEM BY MPPK AND HEREBY WAIVE ANY CONFLICTS OF INTEREST ON THE PART OF MPPK IN CONNECTION THEREWITH. EACH PARTY HERETO HAS BEEN ADVISED AND UNDERSTANDS THAT CERTAIN INHERENT CONFLICTS EXIST IN MPPK'S REPRESENTATION OF ALL PARTIES HERETO AS EACH PARTY MAY HAVE DIFFERENT NEEDS OR DESIRES IN THE RELATIONSHIP BEING STRUCTURED IN THIS AGREEMENT WHICH COULD BEST BE REPRESENTED BY AN ADVISOR REPRESENTING SUCH PARTY'S INTERESTS ONLY. IN THIS REGARD, EACH PARTY UNDERSTANDS THAT EACH SUCH PARTY HAS THE RIGHT TO BE REPRESENTED BY SEPARATE AND INDEPENDENT COUNSEL IN CONNECTION WITH THIS AGREEMENT AND MPPK HAS ADVISED EACH SUCH PARTY TO SECURE SUCH SEPARATE REPRESENTATION. EACH PARTY HAS READ AND UNDERSTOOD EXHIBIT "A" HERETO AND INCORPORATED HEREIN BY REFERENCE WHICH STATES THE APPLICABLE RULES OF PROFESSIONAL CONDUCT. EACH SUCH PARTY HAS HAD FULL AND AMPLE OPPORTUNITY TO SECURE SUCH SEPARATE AND INDEPENDENT REPRESENTATION BUT HAS CHOSEN NOT TO DO SO.

The Partners have executed this Memorandum of Agreement below to confirm their agreement to the foregoing.

Dated: _____, 1992

W. AXL ROSE

Dated: 10/15, 1992

SLASH

Dated: 10/21, 1992

MICHAEL "DUFF" MCKAGAN

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EXHIBIT "A"

Rule 3-310 of the California Rules of Professional Conduct, applicable to attorneys, provides as follows:

"(B) A member shall not accept or continue representation of a client without providing written disclosure to the client where:

"(1) The member has a legal, business, financial, professional, or personal relationship with a party or witness in the same matter; or

"(2) The member knows or reasonably should know that:

"(a) The member previously had a legal, business, financial, professional, or personal relationship with a party or witness in the same matter; and

"(b) The previous relationship would substantially affect the member's representation; or

"(3) The member has or had a legal, business, financial, professional or personal relationship with another person or entity the member knows or reasonably should know would be affected substantially by resolution of the matter; or

"(4) The member has or had a legal, business, financial, professional or personal interest in the subject matter of the representation."

"(C) A member shall not, without the informed written consent of each client:

"(1) Accept representation of more than one client in a matter in which the interest of the clients potentially conflict; or

"(2) Accept or continue representation of more than one client in a

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matter in which the interests of the clients actually conflict; or

"(3) Represent a client in a matter and at the same time in a separate matter accept as a client a person or entity whose interest in the first matter is adverse to the client in the first matter.

"(D) A member who represents two or more clients shall not enter into an aggregate settlement of the claims of or against the clients without the informed written consent of each client.

"(E) A member shall not, without the informed written consent of the client or former client, accept employment adverse to the client or former client where, by reason of the representation of the client or former client, the member has obtained confidential information material to the employment."

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Exhibit "A"